

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Idaho State Office
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In Reply Refer To:
9300 (933) P

October 22, 2003

EMS
Instruction Memorandum No. ID-2004-007
Expires: 09/30/2005

To: District Managers

From: State Director

Subject: Appraisal Waiver for Low Value Parcels

Program Area: Lands and Realty.

Purpose: The purpose of this memorandum is to establish an 'appraisal waiver' policy which will allow District or Field Offices to produce value determinations for low valued properties. A substantial amount of work by Idaho BLM appraisers involves the appraisals of parcels with low values. The cost to produce an appraisal with the detail and form required of the licensed appraisal staff often exceeds the value of the property. As an alternative, the BLM Appraisal Manual (9310) permits the use of appraisal waivers for properties with value estimates less than \$2,500. Appraisal waivers may be prepared by employees who are not licensed appraisers. The ability for trained District staff to produce these low value reports will result in reducing the waiting time and costs associated with requesting appraisals from the appraisal staff.

Policy/Action: Low value appraisal waiver determinations may be prepared by approved non appraisal licensed BLM employees. Persons eligible to prepare low value determinations must have (1) appraisal training included in their professional education; (2) completed an orientation to the appraisal waiver program presented by IDSO; and (3) have been approved by the state lead appraiser.

The appraisal waiver value determinations must be reasonably supported. The appraisal waiver program will specify a standardized reporting form and required reporting content. The responsible District or Field Manager must concur in each of the value determinations.

Timeframe: This IM is in effect on the date of issuance.

Background: A 2002 Bureau of Land Management (BLM) Washington Office survey of state appraisal programs reveals the Idaho appraisal program currently has a substantially higher volume of work prepared by staff appraisers than other states' appraisal programs. The majority

of the extra volume of work done by Idaho was the valuation of properties with minimal values. Many of these appraisals involve properties with market value estimates less than \$2,500. The appraisal staff's backlog of appraisal requests results in the field offices experiencing extended delays for delivery of completed appraisals. The utilization of an appraisal waiver program will expedite the availability of value estimates for low valued parcels and subsequently decrease the backlog and waiting times for complex, higher valued appraisals.

The current BLM Manual for Appraisal of Real Property (9310, section H. Use of Appraisal Waivers) states: *"An appraisal report is not necessary for a federal acquisition if the manager concurs that the amount offered is fair and reasonable, the value is less than \$2,500 and the owner agrees to the offer. The BLM's offer must be reasonably supported and cannot diminish any protections provided under 49 CFR Part 24.*

... A determination that a property qualifies for an appraisal waiver may be made by a BLM appraiser or by a realty specialist approved by the lead appraiser to make the determination. The responsible field manager must concur in the determination in writing. If a valuation of the property is made by a qualified appraiser, it must be done according to minimum USPAP standards."

This memorandum enables Idaho to utilize "Appraisal Waivers" currently authorized by the BLM Appraisal Manual. The provisions and application of this program are to be consistent with the provisions described in the Appraisal manual.

Manual/Handbook Sections Affected: This IM serves as interim guidance until Idaho Manual Supplement 9300 is issued.

Coordination: Development of the provisions of this appraisal waiver program has involved the Acting BLM Chief Appraiser, the BLM Chief Appraiser for Washington/Oregon, and appraisal staff from the US Forest Service.

Contact: If you have questions, please contact Don Dunn, Chief State Appraiser at (208) 373-3871.

Lower Snake River District with Union: No Union notification or negotiation required.

Signed by:
K Lynn Bennett

Authenticated by:
Susanna Henry
Staff Assistant (ID-933)

Attachment

Additional Information on Preparation of Appraisal Waiver Determinations

Additional information on preparation of appraisal waiver determinations:

1. What is the process for initiating an appraisal waiver determination? A value estimate for a potentially low valued parcel should be directed to the employee approved to prepare appraisal waivers. The employee will prepare the data necessary to develop the value determination. At such time as it becomes apparent to the employee the value will exceed \$2,500, an appraisal request should be prepared and forwarded to the appraisal staff for completion of a USPAP qualified appraisal report.
2. How does the supporting data in an appraisal waiver differ from an appraisal? The supporting data contained in an appraisal report is heavily regulated and typically is restricted to comparable sales data. An appraisal waiver determination prepared by a non appraiser licensed person is not an appraisal and not subject to these regulations. The supporting data in a waiver determination should be based upon “sound business management principles”. The best supporting data are comparable sales and listings, but may be supplemented by data from assessor records, competitive property appraisals, offers to purchase, etc.
3. Is there a specified reporting format for appraisal waiver determinations? Included with this attachment is a sample of a reporting format to be utilized in preparing and reporting value determinations. The format provides signatures and reporting information necessary to comply with the BLM Appraisal Manual requirements.
4. Are the appraisal waiver determinations subject to review? The BLM Appraisal Manual requires each value determination to have a signed concurrence by the responsible manager. This constitutes an initial level of review. After the written appraisal determination is completed it should be forwarded to the state lead appraiser. This is not an individual review for each determination, but a general review to be used in the periodic approval for continuing the authorization of an employee to prepare value determinations.
5. Are site inspections required for appraisal waiver determinations? The inspection of a site for an appraisal waiver determination is optional. If the employee does not have a previous knowledge of the site they are encouraged to conduct an inspection. The BLM Appraisal Manual requires the property owner be extended the invitation to accompany the employee if an inspection is conducted. Further, value determinations and appraised values must be as of a specific date. Traditionally, the value date is the date of the inspection.
6. What happens if the owner/proponent does not agree with the appraisal waiver determination? The BLM Appraisal Manual places a condition on the use of an appraisal waiver, the owner must agree to the value/offer. Should the owner reject the waiver determination value, an appraisal request may be submitted for development of an appraisal report consistent with USPAP and UASFLA (Yellow Book) requirements by a staff appraiser.

Sample Appraisal Waiver Determination

(Note: Items in bold are mandatory items which must be included in the waiver.)

August 29, 2003

To: District Manager

From: Realty Specialist

Subject: Appraisal Waiver Determination for IDI-30400,
A 2.5 acre parcel located near the corner of US93 and SR 55.
[Include legal description]

In accordance with Instruction Memorandum No. 2003-__, I have prepared the appraisal waiver value determination for the above referenced property. It generally consists of a 2.5 acre parcel located near the intersection of US 93 and SR 55. The site has been identified for disposal and is proposed for sale to the adjacent land owner, R.T. Biggs. **The highest and best use of the site is** estimated to be a future residential homesite.

[Insert discussion summarizing the nature of the data which supports the value conclusion.]

Based upon the preceding information I have concluded the estimated value for the subject's 2.5 acres at \$800 per acre, indicating a total estimated value, **as of August 29, 2003, in fee simple ownership, at \$2,000.**

I have (or have not) inspected the subject property. (Note: If the site was inspected, include the inspection date, and if the owner/proponent declined or participated in the inspection.)

Name& Title

Date

I agree the low value nature of this property does not require the documentation necessary in an appraisal report produced under national appraisal standards, and concur in the waiver determination stated above.

Name
District/Field Office Manager